

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 302 - HB 1075

April 8, 2019

SUMMARY OF ORIGINAL BILL: Establishes the Tennessee Wine and Grape Board (Board), as well as the Wine and Grape Fund (Fund), for use by the Board. Authorizes the Board to use funds in the Fund to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, to market and educate relating to grapes grown and wine produced in Tennessee, and to issue grants for purposes of promoting the wine industry and viticulture in the state. Requires wine tax collections to be allocated to the newly-created Fund.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$16,700,000/Wine and Grape Fund

Decrease State Revenue - \$13,777,500/General Fund

Increase State Expenditures - \$16,700,000/Wine and Grape Fund

Decrease Local Revenue - \$2,922,500

SUMMARY OF AMENDMENT (007879): Deletes all language after the enacting clause. Repeals the *Tennessee Viticulture Policy Act* which created the current Viticulture Advisory Board. Establishes the Tennessee Wine and Grape Board (Board), as well as the Wine and Grape Fund (Fund), for use by the Board. Requires the Board to use funds in the Fund to increase the number of Tennessee wineries, to improve the quality of wine produced by Tennessee wineries, to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, and to issue grants for purposes of promoting the wine industry and viticulture in the state. Establishes the Tennessee Commercial Wineries Growth and Support Program (Program) to be overseen by the Board. Establishes legislative intent to fund the Fund and the Program by providing a sum-sufficient appropriation in each fiscal year's annual appropriation bill. Authorizes the Board to disburse \$10 per case of wine, not to exceed 1,000 cases per year, to a licensed wholesaler who has been approved for participation in the Program. A disbursement must not exceed more than 25 percent of the sum-sufficient appropriation to the Fund, and may only be given to Tennessee wineries that produced 25,000 gallons or less of wine in the previous calendar year. Requires any wholesaler receiving such disbursement to reflect such reduction in cost per case to the wholesaler in the retail price of wine.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – Exceeds \$200,000/Wine and Grape Fund

**Increase State Expenditures – Exceeds \$200,000/General Fund
Exceeds \$200,000/Wine and Grape Fund**

Assumptions for the bill as amended:

- According to the Department of Agriculture, the current Viticulture Advisory Board incurred no expenses in the past year; therefore, it is estimated that any decrease in state expenditures associated with the repeal of the *Tennessee Viticulture Policy Act* will be not significant.
- Seven members will serve on the Board without compensation for their services, but all members are entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties.
- The Commissioner of the Department of Agriculture and the Commissioner of Department of Tourism, or their designees, make up two of the seven positions, with the other five being appointed by the Governor.
- It is assumed the Board will meet quarterly in Nashville, and the Commissioners will not receive any reimbursement.
- The other five members of the Board will receive \$240 per day for meals and lodging and an average of \$110 for mileage reimbursement per roundtrip.
- The recurring increase in state expenditures from the Fund is estimated to be \$5,250 [5 members x (\$240 meals and lodging + \$110 mileage reimbursement) x 3 meetings].
- The Board will use funds in the newly-created Fund to increase the number of Tennessee wineries, to improve the quality of wine produced by Tennessee wineries, to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, and to issue grants for purposes of promoting the wine industry and viticulture in the state. In addition, the Board will use such funds for the purposes of the Tennessee Wineries Growth and Support Program created by this act.
- The proposed legislation will require a recurring appropriation from the General Fund. The precise amount required for board member reimbursement, grants, staffing, marketing, and disbursements to wholesalers through the Tennessee Commercial Wineries Growth and Support Program is unknown, but is reasonably estimated to exceed \$200,000 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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